Net Stable Funding Ratio (NSFR) Disclosure – 30 June 2026

Introduction

The public disclosure relating to Net Stable Funding Ratio (NSFR) has been prepared in accordance with the circular (2BS/356/2015) dated 25 October 2015 issued by Central Bank of Kuwait (CBK) as part of Basel III reforms and complementary to the existing liquidity guidelines.

In accordance with the CBK circular No. (2/BS/IBS/619/2026) issued on 26 March 2026 to address the impact of current geopolitical developments in the region, the minimum regulatory NSFR limit was amended from 100% to 80%.

The main objective of NSFR is to promote stable and long-term funding sources for asset financing and reduce reliance on less stable, short-term sources of funding.

Definition

The NSFR is defined as the ratio of ***Available amount of Stable Funding (ASF)*** to ***Required amount of Stable Funding (RSF).***

Available Stable Funding (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends over one year.

Required Stable Funding (RSF) is defined as the portion of assets and off-balance sheet (OBS) exposures expected to be funded on an ongoing basis over a one-year horizon. The amount of such stable funding required by the bank is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

Liquidity Governance

The liquidity governance framework is guided by the Liquidity Policy of the Bank which is reviewed and approved by the Board of Directors. The policy outlines the roles and responsibilities within the Bank with respect to liquidity risk management and provides an overview of the processes including stress testing under various scenarios, for monitoring and managing liquidity risk as per CBK and internal guidelines.

The responsibility for managing liquidity in compliance with internal & external directives rests with Treasury under the oversight of Asset and Liability Committee (ALCO). The liquidity policy also covers the liquidity contingency / crisis planning which specifies the early warning indicators of liquidity stress, the roles and responsibilities of stake holders within the Bank in the event of a liquidity crisis and the actions to be undertaken by each business unit in order to address the crisis.

Funding Strategy

Gulf bank's strategy is to maintain stable and well-diversified sources of funds, with a focus on raising stable and long-term deposits from consumer banking clients, while continuing to grow and diversify the wider depositor base in order to meet its long-term assets funding requirements, thus maintaining a healthy ratio.

Besides having well established relationships with a variety of domestic, regional and international counterparties that regularly provide long-term funding, the Bank has also been able to obtain long-term funding from the debt market through the issuance of 10-year KWD 50 million Tier 2 Subordinated Bonds in June 2021 as well through Medium-Term borrowings through Bilateral and Syndicated structures from local and offshore Banks. This confirms the Bank's ability to obtain longer-term funding if and when required. Furthermore, the Bank has successfully raised its Issued and Paid-up Capital through a public offering with rights issue of KD 60 million in November 2023.

In June 2026, the Bank decided not to exercise the call option on the Subordinated Tier 2 Bond at the first call date due to the Bank's ongoing transition toward becoming a Sharia-compliant bank. The Subordinated Tier 2 Bond will continue in accordance with its original terms and conditions, including the applicable coupon reset mechanism as set out in the prospectus. Gulf Bank continues to maintain strong capital and liquidity positions and remains fully committed to honoring all payment obligations in a timely manner.

The Asset and Liability Committee regularly reviews the macroeconomic indicators and market conditions to provide guidance on liquidity management.

Result Analysis and Main Drivers

The Bank's Available Stable Funding (ASF) as of 30 June 2026 was KD 5,482 million and Required Stable Funding (RSF) as KD 5,278 million with NSFR of 103.86%.

ASF is mainly comprised of Capital as per Basel III CBK regulations, Retail and SME deposits, Corporate deposits, deposits from Banks and OFIs and other liabilities after applying the available stable funding factors. Retail deposits (including SME deposits), Corporate deposits and Capital contributed 30.88%, 47.79% and 17.18% respectively of the total weighted ASF amount.

RSF is primarily comprised of Corporate, Retail and SME loans, Investments, and off-balance sheet items after applying the required stable funding factors. Performing loans to non-financial customers and financial institutions contributed 79.22% and 12.66% respectively of the total weighted RSF amount.

Net Stable Funding Ratio for Conventional Banks						
Table 4: NSFR Common Disclosure Template For the Period ending on 30/06/2026						
Bank Name		**Gulf Bank Group**				
Level:		**Unweighted Values (before applying NSFR factors)**				
Sr.	**Item**	**No specified maturity**	**Less than 6 montRs**	**More than 6 montRs and less tRan one year**	**One year or more**	**Value after applying the NSFR factors**
Available Stable Funding (ASF)						
1	**Capital:**	**941,573**	**-**	**-**	**-**	**941,573**
2	Regulatory Capital	941,573	-	-	-	941,573
3	Other Capital Instruments	-	-	-	-	-
4	**Retail Deposits and deposits from small business customers:**	**-**	**1,661,380**	**218,224**	**1,232**	**1,692,875**
5	Stable deposits	-	-	-	-	-
6	Less Stable deposits	-	1,661,380	218,224	1,232	1,692,875
7	**Wholesale Funding:**	**-**	**3,623,511**	**906,633**	**634,365**	**2,620,026**
8	Operational Deposits	-	29,563	-	-	14,782
9	Other wholesale funding	-	3,593,948	906,633	634,365	2,605,244
10	**Other liabilities:**	**-**	**52,704**	**9,269**	**227,689**	**227,689**
11	NSFR Derivative Liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	52,704	9,269	227,689	227,689
13	**Total ASF**	**941,573**	**5,337,595**	**1,134,126**	**863,286**	**5,482,163**
Required Stable Funding (RSF)						
14	Total NSFR high-quality liquid assets (HQLA)	860,935	-	-	-	27,695
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	**Performing loans and securities:**					
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	802,354	106,233	494,508	667,977
19	Performing loans to nonfinancial corporate clients,loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	1,002,594	774,721	3,992,076	4,181,703
20	With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio – Basel 3 guidelines	-	-	-	501,098	325,714
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the CBK Capital Adequacy Ratio – Basel III Guidelines	-	-	-	-	-
23	Unpledged Securities and exchange-traded shares in case the issuers of such instruments were not in default.	-	-	-	22,223	18,890
24	**Other assets:**					
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPS	-	-	-	-	-
27	NSFR derivative assets	60	-	-	-	60
28	20% NSFR derivative liabilities before deduction of variation margin posted	19	-	-	-	19
29	Other assets not included in the above categories	32,356	44,448	-	172,398	226,978
30	Off-balance sheet items	-	3,061,433	-	38,779	155,011
31	**Total RSF**	**893,370**	**4,910,830**	**880,954**	**4,719,984**	**5,278,332**
32	**NSFR (%)**					**103.86%**